

VZCZCXRO2770
RR RUEHDBU RUEHLN RUEHVK RUEHYG
DE RUEHYE #0202 0571345
ZNR UUUUU ZZH
R 261345Z FEB 07 ZDS
FM AMEMBASSY YEREVAN
TO RUEHC/SECSTATE WASHDC 4944
INFO RUCNCIS/CIS COLLECTIVE
RUCPDOG/USDOC WASHDC
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUEHAK/AMEMBASSY ANKARA 1201

UNCLAS YEREVAN 000202

SIPDIS

SENSITIVE
SIPDIS

C O R R E C T E D C O P Y (SUBJECT TEXT)

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [EAIR](#) [PREL](#) [PINR](#) [AM](#)

SUBJECT: CUSTOMS GIANT FALLS AMID RUMORS OF SMUGGLING AND
CORRUPTION

REF: YEREVAN 65

Sensitive but unclassified. Please protect accordingly. Not for
Internet distribution.

¶1. (SBU) On February 19, Head of Customs for Cargo at Zvartnots
Airport Karen Janoyan was fired along with four colleagues
reportedly for smuggling mobile phones into Armenia. The dismissal
has sparked some speculation that it may herald a new era of customs
reform in Armenia, but most observers remain skeptical, speculating
that Janoyan overestimated his authority to cut side deals or failed
to grease the right palms.

¶2. (SBU) The position of head of customs for cargo at Zvartnots
Airport, by far Armenia's largest international airport, is one of
the most influential and potentially lucrative within Armenia's
notoriously corrupt customs service. It is widely rumored that
candidates are expected to pay large bribes to secure the position
and have to make regular off-book payments to the Head of Armenian
Customs to stay in the job. Top customs officials at large ports of
entry are willing to make such payments because they are able to
extort bribes from people seeking to bring goods across the border.
Press reports state that Janoyan does indeed own a large house in an
exclusive area of Yerevan which far exceeds what he could afford on
his official government salary.

¶3. (SBU) Janoyan is reported to have been caught importing cell
phones for someone other than the President's older son, Sedrak
Kocharian, who controls the de facto monopoly on mobile phone
imports. Officials are unwilling to comment publicly about the case
on the grounds that it is currently under investigation, but have
confirmed the basic details to us in private conversations. There
was also a similar case in May 2006, in which one of the leading
prosecutors in Armenia, Hamlet Hovsepyan, was dismissed in
connection with an illegal attempt to import USD 70,000 worth of
cell phones through Zvartnots Airport, adding credibility to the
current reports.

¶4. (SBU) According to the airport manager and USG assistance
implementers who routinely clear large shipments through the
airport, the change in customs personnel has not affected customs
service. Another high-ranking customs official has replaced Janoyan
and goods are still being cleared. Many speculate that there will
be further personnel changes in the Zvartnots customs service
because the new head will want to offer the potentially lucrative
customs jobs at the airport to his friends and cronies.

¶5. (SBU) COMMENT: President Kocharian has pledged on numerous
occasions to clean up Armenia's notoriously corrupt customs service
(reftel). At this point, however, it appears that Janoyan may be
being punished for being overly ambitious in rent-seeking behavior
rather than as part of a legitimate reform effort.

